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AGENCY: General Services Division

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SUBJECT: Medical University of South Carolina Lease from Roper MOB, LLC

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The Medical University of South Carolina (MUSC) requests approval to lease from Roper MOB, LLC, 11,163 square feet in the Roper Medical Office Building at 125 Doughty Street in Charleston.

MUSC has occupied three suites in this building totaling 7,051 square feet under two lease agreements since November of 2003, and wishes to lease an additional 4,112 square feet in two additional suites, which are adjacent to the suites MUSC currently occupies. The additional space is necessary to accommodate the Clinical and Translational Service Award Program for MUSC. Although the two current leases do not expire until November 19, 2009 and September 30, 2010, the Commission on Higher Education conditioned its approval to lease the additional area upon all the leased areas in the building being combined into one lease. The rate under the two current leases is \$23.25 per square foot. Comparables of similar state agency office space leased in the Charleston area are as follows:

Lease Date	Agency/Location	Rate
08/03	MUSC - 135 Rutledge Avenue	\$ 26.50
02/07	MUSC - 326 Calhoun Street	\$ 22.19
04/04	MUSC - 30 Bee Street	\$ 23.95

The new lease term will be five years (60 months). Rent will be \$23,023.69 per month or \$276,284.25 per year (\$24.75 per square foot annually). MUSC will spend approximately \$117,798.00 in upfit costs for the new space. The landlord will reimburse MUSC \$57,281.00 of the upfit costs as a tenant improvement allowance by paying 1/5 of said amount each year of the five year lease term.

After the first year, actual operating cost increases are capped at five percent per year. Assuming operating expenses increase at five percent per year, the maximum rent over the term of the lease is as follows:

Year	Date	Base	Operating	Rate/SF	Rent
1	3/1/2008	15.09	9.66	24.75	276,284.25
2	3/1/2009	15.09	10.14	25.23	281,642.49
3	3/1/2010	15.09	10.65	25.74	287,335.62
4	3/1/2011	15.09	11.18	26.27	293,252.01
5	3/1/2012	15.09	11.74	26.83	299,503.29
	Total				1,438,017.66
	Average			25.76	287,603.53

The lease was approved by JBRC at its January 24, 2008 meeting.

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BOARD ACTION REQUESTED:

Consider the proposed lease as requested by MUSC from Roper MOB, LLC of 11,163 square feet in the Roper Medical Office Building at 125 Doughty Street in Charleston.

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ATTACHMENTS:

Agenda item worksheet; Letter from MUSC dated November 14, 2007; SC Code of Laws Sections 1-11-55 and 1-11-56